

Understanding Pre-qualification Questionnaires

Delegate Pack

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Introduction

The formality of a purchasing process depends upon the value and perceived risks of a contract. Opportunities that involve formal tendering often require suppliers to undergo “pre-qualification” to ascertain whether they are ‘Fit to Supply’.

Being ‘Fit to Supply’ means that you can demonstrate you are a **safe and appropriate choice** of supplier.

Today’s workshop is designed to equip you with the necessary knowledge and skills to successfully complete a pre-qualification questionnaire.

Pre-qualification overview

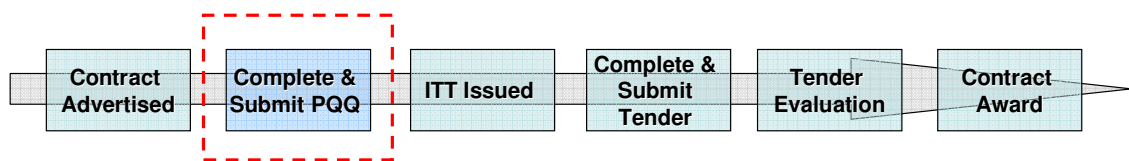
Pre-qualification may be required for a number of reasons including:

- To reach the second stage of a 2 stage tender
- To be admitted to an approved supplier list
- To gain supplier accreditation
- To be admitted to a Framework Agreement
- To register on an online supplier portal

Two Stage Tender Procedure

- Known on the public sector as the “Restricted” procedure, the contracting authority use a “pre-selection” process and invites a limited number of respondents to tender.

Overview of the Tender Process



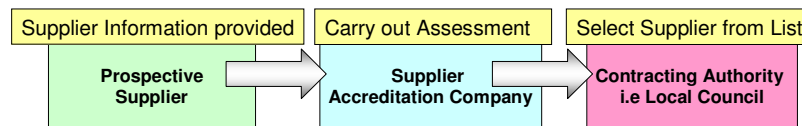
Approved Lists and Frameworks Agreements

A common approach to procurement is the use of **Approved Supplier Lists**. These systems are designed to ensure that all suppliers undergo the necessary checks to ensure that they are a safe and appropriate choice. There is usually a pre-qualification process which suppliers must undergo before they are admitted to the list.

Supplier lists can be closed for periods of time or use a rotating system; however, the most important thing to remember is that even if you are registered as an approved supplier this does not guarantee you will be awarded contracts and therefore you must continue to market your company and build relationships with contacts within the target organisation.

To find out whether an organisation uses an approved supplier list or accreditation services it is a good idea to look on their website. Most local authorities for example have 'Selling to the Council' pages that provide details on which goods and services they buy, how to become a supplier, and future tendering opportunities.

There is now an increasing trend for public sector bodies to use **External Supplier Lists**. This simply means that instead of evaluating prospective suppliers internally an organisation will enlist the services of an external company to undertake this activity for them for a small charge.



The prospective supplier submits their company information to the Accreditation Company and they will assess whether you can be admitted on to the approved supplier list. A key feature of this type of system is that you the supplier will pay a fee to the accreditation company. This is not something that you should be concerned about unless you are asked to join the list by a public sector organisation with whom you wish to do work, in this instance make sure you find out the following:

- Will it still be possible to be asked to quote for work if you are not on the list?
- Will the list be used by all departments in the organisation?
- Are there any existing arrangements/contracts in place which mean that you are very unlikely to be asked to bid for work?
- Are there any restrictions/exclusions in place in relation to the specific supply category that you are interested in?

Remember that if you are successful in being admitted to an approved supplier list you should still ensure you continue to relationship market with your target organisation. Make periodic phone calls, attend business networking and 'meet the buyer' events and keep up-to-date with current opportunities typically advertised on the organisation's own website.

The concept of a **framework agreement** is often confused with that of an approved supplier list and whilst there are similarities between the two concepts they are distinctly different.

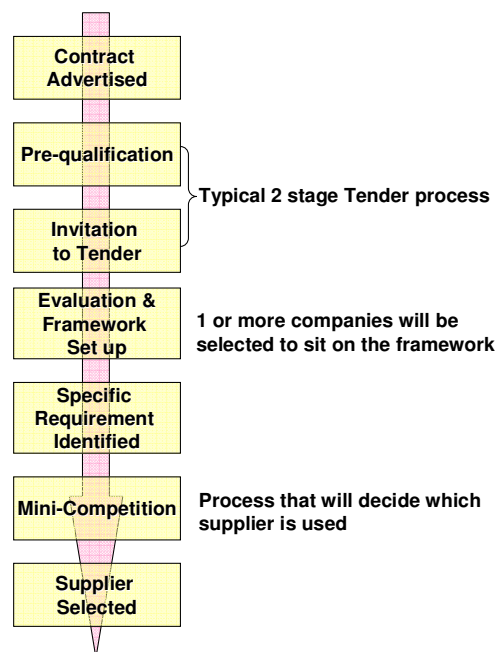
A framework agreement is a form of contractual arrangement whereby a number of suppliers are put in place following a formal competitive tender to provide a range of pre-agreed services or products. Framework agreements tend to be used where an organisation knows that it will definitely need a set of services/products over a specified timeframe but is not sure of the exact future requirements.

Rather than running lots of individual tenders over a number of years, running one single tender and setting up a framework agreement that will address all of your anticipated future requirements is a far more efficient approach to purchasing, not unlike the idea of doing a large monthly grocery shop at the supermarket where you will buy all the products and ingredients you are likely to need over the month rather than individual trips to the shops each day.

Frameworks are commonly used for consultancy and training, construction and food related contracts.

Once a framework is in place the purchasing authority may use 'mini competitions' to decide which company to use from the framework.

Setting up a Framework Agreement



Understanding pre-qualification

The pre-qualification process is used to decide who will be invited to tender. Typically, prospective suppliers complete a Pre-qualification Questionnaire (PQQ) which evaluates whether a company is 'Fit to Supply'.

What does 'Fit to Supply' mean?

- Being 'Fit to Supply' means that you can demonstrate you are a **safe and appropriate choice** of supplier. You are 'Fit to Supply' if you can:
 - Demonstrate **financial viability** by submitting turnover levels, company accounts, and bankers details.
 - Demonstrate **professional and business standing** by having the appropriate insurances and policies in place and are legally compliant.
 - Provide evidence of **track record** in the form of client references, case studies and capability statements.

Typically PQQ's ask you for information in the following areas:

- Administrative information
- Financial accounts
- Insurances
- Policies
- Business and professional standing
- Track record/Ability to deliver

Completing a PQQ

Be Compliant!

Failure to comply with submission instructions, and forgetting to include supporting documentation are amongst the most common reason for failure, make sure that you:

- Take note of the submission date and other deadlines
- Take advantage of the clarification process
- Follow the instructions regarding submission format.
- Check all of your appendices carefully.

Basic details of your organisation

In the first section of a PQQ information is typically required in the following areas:

- Administrative information
- Business probity and professional conduct
- Company history

Information is required here on the structure and background of your organisation.

Ensure all administrative information is up-to-date and accurate. When answering questions on business and professional standing make sure you are open and honest and provide full details where requested.

Your company history should comprise of a summary document providing an overview of the company's development since inception – not a detailed account of all company dealings for the last 10 years!

Economic and financial standing

These sections often link to pass/fail criteria therefore supporting information must be robust, up to date and accurate. Levels of turnover in relation to the contract value, profitability and year on year financial stability are key considerations in the PQQ evaluation process.

Smaller businesses commonly find these sections of the PQQ the most challenging, if you have any concerns regarding your ability to provide information requested such as audited accounts, specific levels of insurance etc., do not be afraid to ask questions.

Policies

A key requirement of pre-qualification and ('Fit to Supply' status) is having certain policies in place:

- **Health and Safety**
- **Quality assurance**
- **Equal opportunities**
- **Environment and sustainability**

There a number of key business benefits to having all of these policies in place including:

- Legal compliance
- Fulfill corporate responsibility objectives
- Improved workforce morale
- Reduced overhead costs
- Increased customer satisfaction
- Performance improvement.

The actual policy statements which you submit need only be 1-2 pages long, but the supporting procedures, manual and evidence that underpin the policies will be a larger collection of documentation.

The PQQ evaluation process will consider whether there is clear evidence that your policies are embedded into the organisation so make sure you consider what you do and how you do it (rather than what sits on a shelf).

Technical and professional ability

Much of a PQQ involves providing generic corporate information; sections on technical and professional ability are your opportunity to sell the organisation, therefore parts of these sections need to be specially written for the opportunity you are pursuing – remember this is more than just a form filling exercise!

You are seeking to demonstrate that you are the most appropriate choice for the contract so you should include information that is relevant to the type of opportunity and client you are looking to work with. As such think carefully about your choice of:

- Client references
- Examples of previous work
- Choice of personnel

When answering questions regarding previous success stories or examples of innovation, make sure you provide responses that clearly outline **features** of any approaches, processes or systems, used, the associated **advantages** and most importantly the **benefit** to the client.

Local Suppliers

“Local” by itself is not a benefit, but how about:

- Fast response time leading to better service
- Allows customers to change their requirements at short notice
- Improved environmental impact of shorter travel distance
- Specialised knowledge of local issues or local communities?

Collaborative bidding

Collaborative bidding is often suggested as a way for small businesses to overcome capacity issues and therefore achieve greater success in formal tenders. There are a variety of ways in which you can collaborate on bids ranging from subcontractor arrangements to consortium bids.

If you are completing a PQQ as part of a collaborative bid it is common for each part to have to complete a PQQ, however, it is always advisable to confirm requirement with the contracting authority.

PQQ evaluation

A common misconception regarding pre-qualification is that you will be successful by scoring above a minimum pass mark; this is not the case.

Some areas on the PQQ will fall under pass/fail criteria meaning that failure to produce the necessary evidence or meet minimum requirements will result in you being automatically disqualified (typically this relates to financial and business probity sections). The other sections of the PQQ will be marked using an evaluation scoring matrix that ensures objectivity. The top scoring companies will be invited to tender (this is often limited to between 4-6 organisations).

Asking for feedback

Obtaining feedback if you are unsuccessful is imperative so that you may understand which areas of your PQQ submission could be improved for the future.

Legal rights

Suppliers have 15 days to ask for feedback in writing and the contracting authority shall inform them of:

- Why they are unsuccessful and will include details of why it did not meet the technical specifications
- Characteristics of the successful tender
- Name of successful tender.

Top Tips:

- ***Explain why you need the feedback***
- ***Ask at the right time***
- ***Give them a chance to prepare a helpful answer***
- ***Be specific in what you want to learn***

Next Steps

Now that you have attended the workshop and reviewed your notes consider the following:

- ***Which parts of the public sector are of interest to my business?***
- ***What do I have to offer?***
- ***How would I persuade them to choose my organisation over the competition?***
- ***How do I shape up in terms of challenges and barriers?***

Appendix A - Finding opportunities

Contract opportunities are advertised in a multitude of places.

- Council website business pages
- Local press including the Public Notices section
- Contrax weekly; a national publication for contract opportunities.
- Trade publications
- The Official Journal of the European Union (OJEU) – Tenders Electronic Daily
- National Opportunities Portal - Supply2gov.uk

For works contracts bidders can be selected from Constructionline and CHAS (Contractors Health & Safety Assessment Scheme) (excludes contracts over European Procurement Directives)

- Constructionline **www.constructionline.co.uk**
- CHAS **www.chas.gov.uk**

Also remember:

- Regional Portals e.g. **www.sourceeastmidlands.co.uk**
- Meet the Buyer Events **www.meetthebuyers.com**
- Phoning and Asking: Relationship Marketing / Finding the right contact

There are however three key sites where suppliers can access public sector opportunities - Supply2Gov.uk, CompeteFor and Tenders Electronics Daily.

	Lower Value Contracts	Higher Value Contracts	Supplier Profile Required?	Tender alerts Available?	Charges Apply?
Supply2Gov.uk	✓		✓	✓	✓*
TED		✓		✓	No
CompeteFor	✓		✓	✓	No

*Supply2Gov.uk is Free of charge for basic registration, service upgrade charges apply.

Local Opportunities

Opportunities in the **East Midlands** can be accessed from a variety of regional websites and portals including:

- Source East Midlands - website providing information about new contract opportunities in the region **www.sourceeastmidlands.co.uk**

- East Midlands Development Agency - website provides guidance to suppliers wishing to tender for East Midlands Development Agency contract opportunities **<http://www.emda.org.uk/procurement/tenders/default.asp>**
- Re:Source Procurement Hub - Collaborative procurement hub -provides access to NHS related Opportunities in the East Midlands **<http://www.resource-cph.nhs.uk>**